



Illinois middle-market firms grow faster than national average

By Ally Marotti April 22, 2015

Middle-market companies around the country are expanding at a steady pace, but in Illinois they're growing even faster.

The National Center for the Middle Market, a collaboration between GE Capital and Ohio State University's Fisher College of Business, released a survey today indicating that Illinois' middle-market companies outpaced the national average in revenue and employment growth in the first quarter.

Revenue in the surveyed Illinois companies grew 8.2 percent in the first three months of the year, surpassing the national growth rate of 7.4 percent. Employment at these companies rose 5.3 percent, trumping the national rate of 4.3 percent.

The collaboration surveyed 1,000 U.S. executives from companies with annual revenue between \$10 million and \$1 billion. In Illinois, more than 6,500 businesses fit that mold, generating 20 percent of the state's total business revenue. Three-quarters of those companies are in the Chicago area.

Thomas Stewart, executive director of the National Center for the Middle Market, said Illinois' growth can be explained in part by considering the types of middle-market companies that dominate the state. A fifth of the state's middle-market companies are in manufacturing, 9 percent are in retail and 7 percent are in construction, all of which did well last quarter, Stewart said.

"Illinois is being helped by its manufacturing base, by its sort of disproportionately large manufacturing base," he said. "We're also seeing retail doing well—it's a strong sector in Illinois—and construction is back."

John Petrovski, managing director and head of U.S. commercial real estate for **BMO Harris Bank**, said he has seen that middle-market growth reflected in the real estate market, which often can serve as somewhat of an economic barometer.

"The prognosis for commercial real estate is good," he said. "People think the economy is going to continue to grow, interest rates are going to stay relatively low. Real estate is reflecting the broader economy, which is one of growth."

And the study suggests Illinois' middle market has room to grow. Almost two-thirds of surveyed companies indicated they were preparing to invest. That is down from the **70 percent** that planned investments heading into 2015, but it indicates overall optimism.

"Typically, our middle-market clients continue to see improvement in performance and are feeling more optimistic about managing some of the bigger challenges like health care and regulatory issues," said Tom Finnegan, head of middle-market banking in Illinois at JPMorgan Chase. "They see opportunities both domestically and globally, which has got them thinking more and more about new capital investments and staffing increases."
